

VZCZCXYZ0002
PP RUEHWEB

DE RUEHWN #0737/01 1581930
ZNY CCCCC ZZH
P 071930Z JUN 07
FM AMEMBASSY BRIDGETOWN
TO RUEHC/SECSTATE WASHDC PRIORITY 4881
INFO RUCNCOM/EC CARICOM COLLECTIVE PRIORITY
RUEHDS/AMEMBASSY ADDIS ABABA PRIORITY 0068
RUEHCV/AMEMBASSY CARACAS PRIORITY 1744
RUEHC/SECSTATE WASHDC PRIORITY 4882
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL PRIORITY
RUMIAAA/HQ USSOUTHCOM J5 MIAMI FL PRIORITY
RUEHCV/USDAO CARACAS VE PRIORITY

C O N F I D E N T I A L BRIDGETOWN 000737

SIPDIS

SIPDIS

DEPARTMENT FOR WHA/CAR, WHA/AND, WHA/EPSC, EEB/ESC/IEC/EPC,
AND INR/I
CARACAS FOR ANDREW BOWEN
SOUTHCOM ALSO FOR POLAD
ADDIS ABABA FOR ANTHONY FISHER

E.O. 12958: DECL: 02/05/2017
TAGS: [ENRG](#) [EPET](#) [PREL](#) [PGOV](#) [XL](#)
SUBJECT: E. CARIBBEAN AND VENEZUELAN FOREIGN AID: RHETORIC
OR REALITY? (C-AL7-00733)

REF: A. STATE 66324

[1](#)B. BRIDGETOWN 573
[1](#)C. BRIDGETOWN PETROCARIBE CABLES 1-33

Classified By: CDA Mary Ellen T. Gilroy for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: Five Eastern Caribbean countries have signed Petrocaribe agreements. St. Lucia nullified its agreement with Venezuela under the new Compton administration in 2006. Barbados also turned down the Petrocaribe offer, but it is still a beneficiary of other Venezuelan assistance. Hugo Chavez's assistance package for most of these island nations is a combination of both reality and rhetoric: while some countries are enjoying short-term benefits, almost all have experienced delays in implementation. However, the region has little choice but to be patient, given the economic constraints faced by most Eastern Caribbean microstates. End Summary.

Rhetoric: What Governments Have Been Promised

[1](#)2. (C) With the exception of Grenada, Embassy Bridgetown was unable to confirm with government officials the exact value of Venezuelan assistance delivered. Eastern Caribbean governments are generally reluctant to share information regarding the assistance they receive, especially from potentially controversial sources like Venezuela. While some data was obtained from post's sources, most of the following data comes from press reports. Given the Eastern Caribbean governments' limited capacity, no specific coordinators for Venezuelan aid have been named. Usually, the Prime Ministers play a key role, with relevant ministers providing support as necessary.

ANTIGUA AND BARBUDA

- a. 80,000 Barrels of fuel (delivered), USD 47.5 million
90,000 Barrels of fuel (expected), USD 59.4 million
- b. ALBA Grant (expected), USD 7.5 million
- c. Housing Loan (expected), USD 20.0 million
- d. LIAT Loan (expected), USD 20.0 million

- e. Airport rehabilitation, USD 7.0 million
- f. 12 Portable Electric Plants (expected), value unavailable, (to produce 10 megawatts per hour)

BARBADOS

- a. Fuel Cost Absorption to Prevent the Shutdown of Arawak Cement Company (delivered), USD 3.4 million

DOMINICA

- a. Oil Refinery to produce 10,000 bpd (expected), USD 80.0 million
- b. Housing Development Program (expected), USD 12.0 million
- c. Melville Hall Airport Expansion (expected), USD 10.1 million
- d. Debt Forgiveness (delivered), USD 1.5 million
- e. 200 Barrels of Asphalt (delivered), value unavailable
- f. 5,000 Barrel Storage Tank (delivered), value unavailable
- g. Scholarships, value unavailable

GRENADA

- a. Hospital Construction (expected), USD 10.0 million
- b. Low-Income Housing (expected), USD 10.0 million
- c. Youth Development (expected), USD 4.0 million
- d. Assistance to Low-Income Families (expected), USD 5.0 million
- e. Youth Rehabilitation (expected), USD 1.0 million

ST. KITTS AND NEVIS

- a. Housing Program (expected), value unavailable
- b. 18,500 Barrels: Jet, Diesel and Fuel (expected), value unavailable
- c. 1,700 Barrels: Asphalt (delivered), value unavailable
- d. 800 Barrels: Bitumen (delivered), value unavailable

ST. LUCIA

Petrocaribe Agreement Nullified by Compton Administration.

ST. VINCENT AND THE GRENADINES

- a. 12,000 Barrels for VINLEC activation (delivered), USD 2.0 million (Note: VINLEC is St. Vincent's state owned utility company. End Note.)
- b. Argyle Airport Construction (expected), USD 200.0 million (total cost shared by Cuba, Taiwan and Mexico)
- c. 51,000 10kg LPG Cylinders (delivered), value unavailable
- d. Filling Station (delivered), value unavailable
- e. 5,000 Barrel Fuel Storage Facility (delivered), value unavailable
- f. Low-Income Housing (expected), value unavailable

ASSISTANCE REALITIES

13. (C) Some Eastern Caribbean countries are already reporting benefits from the Petrocaribe deal, from 180,000 barrels delivered to Antigua and Barbuda, to six liquefied petroleum gas (LPG) shipments and a storage facility in St. Vincent, and even a "bananas and nutmeg for oil" deal in Grenada. However, public skepticism is starting to surface as only governments seem to be benefitting from Venezuelan assistance. Promised social assistance that is supposed to materialize out of "savings" from Petrocaribe agreements has not yet reached the public. In addition, fuel prices at the pump appear to remain unaffected.

14. (C) Obstacles to implementation exist as well. In Grenada, a supply agreement has already been signed, but the island is not ready to implement it due to a lack of storage facilities. In Antigua and Barbuda, the government has still not received the money it was promised to refurbish the airport. In Dominica, a fuel shipment promised for November 2006 delivery has not yet arrived, while a new storage tank built by Venezuela reportedly remained empty during Chavez's visit to the country in February 2006. In St. Kitts and Nevis, ports are too small for PDVSA tankers. In Saint Lucia, the Compton administration nullified the Petrocaribe agreement in December 2006.

WHAT GOVERNMENTS, PEOPLE, AND THE PRIVATE SECTOR ARE SAYING

15. (SBU) Grenada's former Attorney General, Raymond Anthony, claimed that "many are no doubt beginning to see through the (Petrocaribe) scheme by Hugo Chavez." Most government spokespersons and analysts, however, agree that the slow progress in implementing the Petrocaribe agreement is due in large part to classic bureaucratic and managerial obstacles. Eastern Caribbean countries lack control over their energy infrastructure and have poor port, distribution, and storage facilities. The president of Petroleos de Venezuela (PDVSA) Caribbean in charge of implementing Petrocaribe, admitted to the press that "the big problem is infrastructure. Transportation and storage costs are being charged to the countries, and are a heavy burden."

16. (SBU) Petrocaribe has also attracted criticism for reasons unrelated to slow implementation. In Dominica, for example, a proposed refinery has generated strong public opposition because of the potential harm to the island's environment and ecotourism industry. In St. Vincent, opposition leaders and others have criticized the Gonsalves

administration for strengthening St. Vincent's relationship with Venezuela at the expense of its relationship with the United States.

17. (SBU) Still, Eastern Caribbean leaders continue to express their gratitude to Hugo Chavez for what they claim is his commitment to the economic and social development of the region. This is particularly true in the case of Antigua and Barbuda, Dominica and St. Vincent and the Grenadines, where the Prime Ministers of each country publicly embraced Hugo Chavez as a close friend and ally during his February 2007 visit to the region, and signed onto Chavez's ALBA initiative. (Note: The three countries' actual commitments and implementation plans for ALBA remain unclear. End Note.)

COMMENT

18. (C) It has been close to two years since the Petrocaribe program made its debut in the Eastern Caribbean and there appear to have been more setbacks than the region probably anticipated. As the fanfare over initial Petrocaribe announcements died down, the region's leaders have gradually come to the realization that full implementation of Petrocaribe will be complicated and certainly not instantaneous. Similarly, the average Eastern Caribbean citizen has seen almost no impact on his or her life, whether it be from Petrocaribe or from the social assistance programs promised under ALBA. While Venezuela got a lot of public relations mileage from the initial Petrocaribe announcements, it will need to step up its implementation efforts in order to maintain its high profile in the region.

GILROY